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LOUISIANA RECREATIONAL AND USED  
MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR

BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES

AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

10/14/09

**LOUISIANA RECREATIONAL AND USED  
MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

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## **BASIC FINANCIAL STATEMENTS**

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**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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3121 Van Buren Street, Suite A  
P. O. Box 30  
Baker, Louisiana 70704-0030  
Phone (225) 775-4982 \* Fax (225) 775-4912  
[mstages@butlercpa.brcoxmail.com](mailto:mstages@butlercpa.brcoxmail.com)

*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

To the Commissioners of the  
Louisiana Recreational and Used Motor Vehicle Commission  
3132 Valley Creek Drive  
Baton Rouge, Louisiana 70808-3146

We have audited the accompanying business-type activities of the Louisiana Recreational and Used Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, as listed in the table of contents, which comprise the Commission's basic financial statements. These financial statements are the responsibility of the Louisiana Recreational and Used Motor Vehicle Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

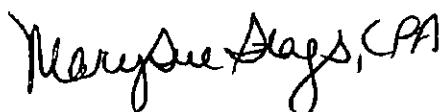
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Recreational and Used Motor Vehicle Commission as of June 30, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Louisiana Recreational and Used Motor Vehicle Commission's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2009, on our consideration of the Louisiana Recreational and Used Motor Vehicle Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Schedules and Information and Other Required Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA  
A Professional Accounting Corporation  
August 28, 2009

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

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LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009

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The purpose of this section is to offer a narrative overview and analysis of the Louisiana Recreational and Used Motor Vehicle Commission's (hereafter referred to as the Commission) financial performance during the year ended June 30, 2009. This document focuses on the current year activities, resulting changes and currently known facts. It should be read in conjunction with the financial report taken as a whole.

**Overview of the Financial Statement Presentation**

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplemental information. There is also other supplemental schedules and information contained in this report provided for additional information.

**Basic Financial Statements.** The basic financial statements present information for the Commission as a whole. Statements in this section include the following:

*Statement of Net Assets.* This statement presents information on all of the Commission's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or not.

*Statement of Revenues, Expenses and Changes in Fund Net Assets.* This statement presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Commission's financial reliance on general revenues.

*Statement of Cash Flows.* The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The basic financial statements can be found on pages 9-12 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The index of the notes is found on page 14 with the actual notes beginning immediately afterwards.

**Required Supplemental Information.** As a component unit of the State of Louisiana, the Commission complies with the reporting requirements of the Division of Administration, Office of Statewide Reporting and Accounting. The Louisiana Comprehensive Annual Financial Report completed with information relative to the Commission is included as other required supplemental information.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to readers of this report.

**Financial Analysis of the Commission**

Net assets are an indicator of the Commission's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current assets	\$ 533,411.48	\$ 385,324.85
Non-current assets	<u>576,418.69</u>	<u>704,194.12</u>
Total Assets	1,109,830.17	1,089,518.97
<b>Liabilities</b>		
Current liabilities	47,397.39	35,400.03
Non-current liabilities	<u>532,282.24</u>	<u>2,497,196.37</u>
Total Liabilities	<u>579,679.63</u>	<u>2,532,996.40</u>
<b>Net Assets (Deficit)</b>		
Invested in capital assets, net of related debt	178,448.69	206,209.12
Unrestricted	<u>351,701.85</u>	<u>(1,649,286.55)</u>
Total Net Assets (Deficit)	<u>530,150.54</u>	<u>(1,443,077.43)</u>

Net assets of the Commission increased by \$912,927 with \$2,188,100 being an adjustment to the obligation at July 1, 2008, for post-employment benefits.

A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Operating Revenues</b>	\$ 1,492,631.61	\$ 1,464,018.93
<b>Operating Expenses</b>	<u>(1,716,365.00)</u>	<u>(2,089,264.54)</u>
Operating Loss	(223,733.39)	(625,245.61)
<b>Non-operating Revenues (Expenses)</b>	<u>8,861.36</u>	<u>54,363.22</u>
Change in Net Assets	<u>(214,872.03)</u>	<u>(570,882.39)</u>



**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

Revenues increased by \$28,613 or 2%. Expenses decreased by \$372,900 or 18% of the prior year's expenses.

Cash flow activity of the Commission for the past two years is as follows:

**STATEMENT OF CASH FLOWS**

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ 36,635.27	\$ (259,027.61)
Non-capital financing activities	2,271.38	1,955.86
Capital and related financing activities	.00	.00
Investing activities	<u>116,277.71</u>	<u>442,020.83</u>
Net Increase (Decrease) in Cash and Cash Equivalents	155,184.36	184,949.08
Cash and cash equivalents, beginning of year	<u>342,558.51</u>	<u>157,609.43</u>
Cash and cash equivalents, end of year	<u><u>497,772.87</u></u>	<u><u>342,558.51</u></u>

**Budgetary Highlights**

Revenues were less than anticipated by \$15,245 or 1%. Expenses were less than budgeted by 5% or \$78,534. This resulted in an overall positive change in net assets of \$63,289 more than budgeted. The original budget was amended to consider increased fees and other expenditures that were necessary and not anticipated at the start of the fiscal year. Additionally, the Commission recognized post-employment benefits earned based on actuarially determined amounts.

**Capital Asset and Debt Administration**

*Capital Assets:* The Commission's investment in capital assets, net of accumulated depreciation, at June 30, 2009 and 2008, was \$178,449 and \$206,209, respectively.

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS  
Net of Accumulated Depreciation**

	<u>2009</u>	<u>2008</u>
<b>Non-depreciable Assets</b>		
Land	\$ 50,000.00	\$ 50,000.00

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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	<u>2009</u>	<u>2008</u>
<b>Depreciable Assets</b>		
Buildings	\$ 104,602.23	\$ 109,832.34
Parking lot	11,500.00	12,075.00
Autos and equipment	<u>12,346.46</u>	<u>34,301.78</u>
Total	<u>178,448.69</u>	<u>206,209.12</u>

There were no capital acquisitions during the year.

*Debt Administration:* Long-term debt of the Commission includes compensated absences at amounts of \$78,460 and \$107,096 at June 30, 2009 and 2008, respectively. There is also an actuarially determined obligation for post-employment benefits of \$453,822 at June 30, 2009.

**Request for Information**

This financial report is designed to provide a general overview of the Commission's finances, comply with finance-related laws and regulations and demonstrate the Commission's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Ms. Heather Ellis at 3132 Valley Creek Drive, Baton Rouge, Louisiana 70808, 225-925-3874.

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## **BASIC FINANCIAL STATEMENTS**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<u>Business-type Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 497,772.87
Accounts receivable, net of allowance	34,836.77
Accrued interest receivable	801.84
Total Current Assets	<u>533,411.48</u>
Non-Current Assets	
Investments	397,970.00
Land	50,000.00
Building/parking lot	205,488.00
Auto and equipment	304,154.60
Accumulated depreciation	(381,193.91)
Total Non-Current Assets	<u>576,418.69</u>
Total Assets	1,109,830.17
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	34,210.61
Payroll taxes withheld and related payables	403.61
Accrued salaries payable	12,783.17
Total Current Liabilities	<u>47,397.39</u>
Non-Current Liabilities	
Compensated absences payable	78,460.24
Other post-employment benefits plan payable	453,822.00
Total Non-Current Liabilities	<u>532,282.24</u>
Total Liabilities	<u>579,679.63</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	178,448.69
Unrestricted	351,701.85
Total Net Assets	<u><u>530,150.54</u></u>

See Accompanying Notes and Auditors' Report

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Business-type Activities</u>
<u>OPERATING REVENUES</u>	
Licenses and other fees	\$ 1,147,151.75
Auction fees	286,015.00
Hearing costs and fines	58,052.00
Mailing lists/labels	1,412.86
Total Operating Revenues	<u>1,492,631.61</u>
<u>OPERATING EXPENSES</u>	
Salaries and related benefits	1,313,849.13
Meetings, conferences and travel	39,162.73
Professional services	134,090.60
Maintenance and repairs	32,372.16
General and administrative	169,129.95
Depreciation	27,760.43
Total Operating Expenses	<u>1,716,365.00</u>
Operating Loss	(223,733.39)
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	6,589.98
Other revenues	2,271.38
Total Non-Operating Revenues (Expenses)	<u>8,861.36</u>
Change in Net Assets	(214,872.03)
Total Net Assets (Deficit), beginning	(1,443,077.43)
Prior period adjustment - other post-employment benefits	<u>2,188,100.00</u>
Total Net Assets, ending	<u><u>530,150.54</u></u>

See Accompanying Notes and Auditors' Report

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**STATEMENT OF CASHFLOWS**  
**YEAR END JUNE 30, 2009**

	<u>Business-type Activities</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,507,021.61
Cash paid to suppliers for goods/services	(367,669.04)
Cash paid to employees for services	<u>(1,102,717.30)</u>
Net Cash Provided by Operating Activities	36,635.27
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Refunds and other revenues	<u>2,271.38</u>
Net Cash Provided by Non-Capital Financing Activities	2,271.38
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received from investments	16,262.71
Maturities of investments	<u>100,015.00</u>
Net Cash Provided by Investing Activities	<u>116,277.71</u>
Net Increase in Cash and Cash Equivalents	155,184.36
Cash and Cash Equivalents, beginning of year	<u>342,588.51</u>
Cash and Cash Equivalents, end of year	<u><u>497,772.87</u></u>

Continued

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
STATEMENT OF CASHFLOWS (Continued)  
YEAR END JUNE 30, 2009

	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	(223,733.39)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	27,760.43
Bad debt expense	2,750.00
(Increase) decrease in assets:	
Accounts receivable	(5,325.00)
Increase (decrease) in liabilities:	
Accounts and bond claims payable	24,051.40
Accrued salaries and retirement payable	(12,054.04)
Compensated absences payable	(28,636.13)
Other post-employment benefits plan payable	<u>251,822.00</u>
Net Cash Provided by Operating Activities	<u><u>36,635.27</u></u>

See Accompanying Notes and Auditors' Report

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**NOTES TO FINANCIAL STATEMENTS**

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LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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INTRODUCTION

The Louisiana Recreational and Used Motor Vehicle Commission is a component unit of the State of Louisiana. It was created within the Office of the Governor as provided by Louisiana Revised Statute 32:772. The Commission serves as a statewide authority to license and regulate used motor vehicle dealers, salespersons, automotive dismantlers, auto crushers, parts recyclers and marine dealers. It also conducts hearings, if warranted, on complaints against these individuals or businesses. Headquartered in Baton Rouge, the Commission's operations are funded by self-generated revenues.

The Commission is composed of 14 members that are appointed by the Governor of the State of Louisiana and serve concurrent terms with that of the Governor. Five of the members must be licensed used motor vehicle dealers from each of the Public Service Commission districts. Three of the members must be consumers selected at large. One each of the following make up the remaining members – (1) licensed automotive dismantler or parts recycler, (2) licensed motorcycle dealer, (3) licensed marine dealer, (4) representative of the manufacturing industry, (5) representative authorized to conduct used motor vehicle or salvage pool auctions and, most recently, (6) utility trailer dealer. Commission members, as authorized by Louisiana Administrative Code 46:317(C), may receive a per diem of \$75 per day in addition to actual expense reimbursement to attend meetings or conduct Commission-approved business.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Louisiana Recreational and Used Motor Vehicle Commission conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Commission is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the Commission members and public service is rendered within the State's boundaries. The accompanying financial statements present only the transactions of the Louisiana Recreational and Used Motor Vehicle Commission.

**Fund Accounting:** The Commission uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
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A fund is a separate entity with a self-balancing set of accounts. Funds of the Commission are classified under one category: proprietary. This category, in turn, is further divided into separate fund types. The fund classifications and a description of each existing fund type follow:

*Proprietary Funds* – account for activities that are similar to activities found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds of the Commission include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Commission (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements, is recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund financial statements of the Commission are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

**Application of FASB Statements and Interpretations:** Reporting on governmental-type and business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

**Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Commission's licensing activities are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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**Budgets and Budgetary Accounting:** Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the Commission adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Commission must approve any revisions that alter the total expenditures. Although budget amounts lapse at year-end, the Commission retains its unexpended fund balances to fund expenditures of the succeeding year.

**Cash and Cash Equivalents:** Cash and cash equivalents include amounts in interest-bearing demand deposits and certificates of deposit. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity date of three months or less are considered to be cash equivalents.

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

The Commission's policy (#21) is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond 12 months. The policy also requires that three quotes be obtained by allowable financial institutions as to interest rates and that the amounts of the investment not exceed an amount insured by FDIC (\$200,000) and pledged collateral at any one institution.

**Inventory:** Inventory of the Commission includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**Receivables:** Receivables consist of fines and costs associated with disciplinary action taken against licensees. The Commission uses the allowance method to account for uncollectible accounts, and receivables are presented net of an allowance of \$2,750 at June 30, 2009.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** The Commission's assets are recorded at historical cost. Depreciation is recorded using the straight-line method of depreciation over the useful lives of the assets. This period is considered 10-50 years for buildings and improvements and 5-10 years for vehicles and equipment. Generally, the Commission includes all capital acquisitions with a cost of \$1,000 or more in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the Commission wants to monitor the item.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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**Compensated Absences:** Employees of the Commission earn and accumulate vacation and sick leave at varying rates depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, however, employees or their heirs are compensated for only up to 300 hours of unused vacation leave. This is computed at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. At June 30, 2009, employees of the Commission had accumulated and vested \$78,460.24 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

**Net Assets:** In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net assets that are reserved by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use. Restricted resources are exhausted before unrestricted net assets are used.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at June 30, 2009:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash	\$ 500.00	\$ .00
Interest-bearing demand deposits	<u>497,272.87</u>	<u>552,106.72</u>
Total	<u>497,772.87</u>	<u>552,106.72</u>

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Commission does not have any deposits that fall within this category. Deposits of the Commission are secured with \$200,000 (Chase Bank) of insurance through FDIC and \$1,765,014 of pledged collateral.

NOTE 3 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counterparty or the counter-party's trust department or agent but not in the entity's name. The Commission does not have any investments subject to credit risk. All investments are certificates of deposit with maturities extending beyond 90 days. At June 30, 2009, the Commission had certificates whose reported amount equaled its fair value as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Concordia Bank & Trust	7/03/09	2.00%	\$ 200,000.00
La Capitol FCU	10/30/09	2.72%	99,000.00
Marion State Bank	11/03/09	2.96%	<u>98,970.00</u>
Total			<u>397,970.00</u>

NOTE 4 – RECEIVABLES

The following is a summary of receivables at June 30, 2009:

Class of Receivables

Accounts, net of allowance of \$2,750	\$ 34,836.77
Interest	<u>801.84</u>
Total	<u>35,638.61</u>

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 50,000.00	\$ .00	\$ .00	\$ 50,000.00
Capital Assets, being depreciated				
Buildings and improvements	205,488.00	.00	.00	205,488.00
Less: accumulated depreciation	<u>83,580.66</u>	<u>5,805.11</u>	<u>.00</u>	<u>89,385.77</u>
Net Buildings and Improvements	121,907.34	(5,805.11)	.00	116,102.23
Autos and equipment	304,154.60	.00	.00	304,154.60
Less: accumulated depreciation	<u>269,852.82</u>	<u>21,955.32</u>	<u>.00</u>	<u>291,808.14</u>
Net Autos and Equipment	<u>34,301.78</u>	<u>(21,955.32)</u>	<u>.00</u>	<u>12,346.46</u>
Net Capital Assets, being depreciated	<u>156,209.12</u>	<u>(27,760.43)</u>	<u>.00</u>	<u>128,448.69</u>
Net Capital Assets	<u>206,209.12</u>	<u>(27,760.43)</u>	<u>.00</u>	<u>178,448.69</u>

**NOTE 6 – LEAVE**

*Annual and Sick Leave.* The Commission's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to the employee's immediate supervisor and approved by the Executive Director or his/her designee. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2009 and 2008, being \$78,460.24 and \$107,096.37, respectively.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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*Compensatory Leave.* Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. Compensatory leave was not accrued at June 30, 2009.

**NOTE 7 – RETIREMENT SYSTEM**

Substantially all of the employees of the Commission are members of the Louisiana State Employees Retirement System (System), a cost sharing, multiple-employer, defined benefit pension plan. The System is a statewide public retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate Board of Trustees.

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 7.5% of gross salary to the plan, and the Commission is required to contribute at an actuarially determined rate as required by Louisiana R.S. 11:102. That rate for the year ended June 30, 2009, was 18.5%. Contributions to the System for the years ended June 30, 2009, 2008 and 2007, were \$135,279, \$160,254 and \$134,678, respectively.

**NOTE 8 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Commission may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the Commission's employees become eligible for those benefits if they reach normal retirement age while working for the Commission and were covered by the Commission's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization



**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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(EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Commission with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000. Premiums paid for healthcare coverage vary depending on the plan chosen. The plan is currently financed on a pay-as-you-go basis by the Commission.

*OPEB Cost/Obligation.* The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2008, is as follows:

Normal cost	\$ 163,900
30 year UAL amortization amount	<u>133,561</u>
Annual Required Contribution (ARC)	<u>297,461</u>

The Commission's OPEB obligation for the year ended June 30, 2009, is as follows:

Annual required contribution/OPEB Cost	\$ 297,461
Contributions made	<u>(45,639)</u>
Change in Net OPEB Obligation	251,822
Net OPEB obligation, beginning	<u>202,000</u>
Net OPEB obligation, ending	<u>453,822</u>

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

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Utilizing the pay-as-you-go method, the Commission contributed 16% of the annual post-employment benefits cost during the current year.

*Funding Status and Funding Progress.* As of June 30, 2009, the Commission had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	\$ 453,822
Covered payroll (active employees)	729,400
UAAL as a percentage of covered payroll	63%

*Actuarial Methods/Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2008, was thirty years.

**NOTE 9 – LEASES**

*Operating Leases.* A copier was leased from Kyocera for \$438.31 per month and is paid on a month-to-month basis or \$5,226 annually.

*Capital Leases.* The Commission has no capital leases.

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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NOTE 10 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2009:

Class of Payables

Accounts	\$ 34,210.61
Payroll taxes withheld and related	403.61
Salaries and retirement benefits	<u>12,783.17</u>
Total	<u>47,397.39</u>

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences \$	107,096.37	\$ 11,125.10	\$ 39,761.23	\$ 78,460.24	\$ .00
Other post-employment benefits	<u>202,000.00</u>	<u>251,822.00</u>	<u>.00</u>	<u>453,822.00</u>	<u>.00</u>
Total	<u>309,096.37</u>	<u>262,947.10</u>	<u>39,761.23</u>	<u>532,282.24</u>	<u>.00</u>

NOTE 12– RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

NOTE 13 – LITIGATION

There is no litigation that would require disclosure in this financial report.

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

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**NOTE 14 – SUBSEQUENT EVENTS**

Effective July 1, 2009, the Commission will no longer be responsible for licensing and monitoring new dealers and the name will change to the Louisiana Used Motor Vehicle Commission. The full impact of this change has not been determined, but revenues are expected to decrease by approximately \$275,000. This represents 24% of licenses and other fees.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 2 OF 2)**

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR END JUNE 30, 2009**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses and other fees	\$ 1,040,000.00	\$ 1,185,308.33	\$ 1,147,151.75	\$ (38,156.58)
Auction fees	250,000.00	250,000.00	286,015.00	36,015.00
Hearing costs and fines	76,500.00	50,575.00	58,052.00	7,477.00
Mailing lists/labels	2,500.00	2,947.25	1,412.86	(1,534.39)
Interest income	52,000.00	25,921.60	6,589.98	(19,331.62)
Other revenues	2,500.00	1,985.86	2,271.38	285.52
Total Revenues	1,423,500.00	1,516,738.04	1,501,492.97	(15,245.07)
<b>EXPENDITURES</b>				
Salaries and related benefits	1,276,697.86	1,415,752.00	1,313,849.13	101,902.87
Meetings, conferences and travel	18,200.00	18,500.00	39,162.73	(20,662.73)
Professional services	127,025.00	121,438.08	134,090.60	(12,652.52)
Maintenance and repairs	34,000.00	36,900.00	32,372.16	4,527.84
General and administrative	183,741.00	174,309.00	169,129.95	5,179.05
Depreciation	28,000.00	28,000.00	27,760.43	239.57
Total Expenditures	1,667,663.86	1,794,899.08	1,716,365.00	78,534.08
Change in Net Assets	(244,163.86)	(278,161.04)	(214,872.03)	63,289.01
Net Assets (Deficit), beginning	(1,443,077.43)	(1,443,077.43)	(1,443,077.43)	-
Prior period adjustment	-	-	2,188,100.00	2,188,100.00
Net Assets (Deficit), ending	(1,687,241.29)	(1,721,238.47)	530,150.54	2,251,389.01

See Auditors' Report

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## SUPPLEMENTAL SCHEDULES AND INFORMATION

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**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS**  
**JUNE 30, 2009**

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In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem/compensation paid to Commission members is presented for the year ended June 30, 2009.

<u>Name</u>	<u>Amount</u>
Berry, Steve	\$ 825.00
Calmes, Kevin	525.00
Duplessis, Ron (waived)	.00
Floyd, George	750.00
Hilliard, Jeff	975.00
Hudson, Vanessa	1,050.00
LaMartina, Joey	600.00
Matherne, Gayle	825.00
Poteet, John	375.00
Smith, Eugene	825.00
Smith, Henry	825.00
Snyder, Phillip	825.00
Stewart, Curtis	375.00
Stroup, Anthony	<u>600.00</u>
Total	<u>9,375.00</u>

See Auditors' Report



**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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3121 Van Buren Street, Suite A  
P. O. Box 30  
Baker, Louisiana 70704-0030  
Phone (225) 775-4982 \* Fax (225) 775-4912  
mstages@butlercpa.brcoxmail.com

*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Commissioners of the  
Louisiana Recreational and Used Motor Vehicle Commission  
3132 Valley Creek Drive  
Baton Rouge, Louisiana 70808

We have audited the financial statements of the business-type activities of the Louisiana Recreational and Used Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Louisiana Recreational and Used Motor Vehicle Commission's basic financial statements and have issued our report thereon dated August 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Recreational and Used Motor Vehicle Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as 2009.01.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Recreational and Used Motor Vehicle Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Recreational and Used Motor Vehicle Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Recreational and Used Motor Vehicle Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

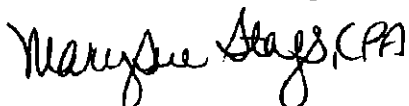
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses and identified as 2009.02 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are material weaknesses.

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
August 28, 2009

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2009**

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We have audited the basic financial statements of the Louisiana Recreational and Used Motor Vehicle Commission as of and for the year ended June 30, 2009, and have issued our report thereon dated August 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2009, resulted in an unqualified opinion.

**Section I      Summary of Auditor's Reports**

**1.    Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control	Material Weakness	<input type="checkbox"/> Yes
	Significant Deficiency(ies)	<input type="checkbox"/> Yes
Compliance	Compliance Material to F/S	<input type="checkbox"/> No

**2.    Federal Awards**

N/A

**Section II      Financial Statement Findings**

**2009.01      Local Government Budget Act**

*Condition/Effect:* Interest income was \$19,332 less than budgeted amounts or 74%. Actual expenditures for meetings, conferences and travel were more than 100% above that which was budgeted or \$20,663. The Local Government Budget Act requires that actual revenues and actual expenditures be within 5% of budgeted amounts in total and within 10% of each category. Because these two categories were not within 10% of budgeted amounts, the Commission is not in compliance with this law.

*Recommendation:* We recommend that a budget to actual comparison be made periodically throughout the year but not less than quarterly. Appropriate amendments should be made based on this comparison utilizing known facts and anticipated transactions by year-end.

*Managements' Response:* "According to our accountant, we had a budget prepared for the June 2009 meeting to be approved with the 5% changes. Our CPA, Roy Hebert, stated this was not something we needed to do unless our revenues were under by more than 5% total or expenditures were over by more than 5%. Under his guidance, the Board did not review or adopt the new budget for 2008-09. A new budget has been submitted."

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2009**

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2009 02      Abuse of Time and Property

*Condition/Effect*    The Louisiana Office of Inspector General conducted an investigation into the abuse of time (insufficient oversight of payroll and leave by employees and lack of documentation to support leave taken/earned) and property (personal use/excessive speed of Commission vehicles and inappropriate authority exercised with the use of Commission badges). The full report case no. 1-08-0021, can be obtained on the Inspector General's website [www.oig.louisiana.gov](http://www.oig.louisiana.gov). Click on 'public reports' found on the left-hand side of the home page.

*Recommendation*    We suggest that the Commission implement all recommendations included in the OIG's report found on pages 20-21. In addition, we recommend that all documentation be completed and appropriately evidenced with the Directors' approval prior to any leave taken with the exception of sick leave. Leave slips for sick time taken may be completed when the employee returns to work, but he/she must contact the Director immediately upon learning that he/she is too sick to work. Additionally, we suggest consideration be given to changing the pay periods such that direct deposits will not need to be authorized prior to the end of the pay period, i.e. payday scheduled for the Friday following the end of the pay period.

*Managements' Response*    "The issues about payroll and leave has been addressed and corrected. Only the Director now has the authority to approve leave prior to taking it. The issue with the pay period is presently being addressed by the Director. Issues in the OIG's report involving the use of state vehicles have been corrected."

**Section III      Federal Award Findings and Questioned Costs**

N/A

**Section IV      Management Letter**

N/A

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2009**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2009**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2009**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

2009.01      Local Government Budget Act

*Please refer to Management's Response on page 32*

2009.02      Abuse of Time and Property

*Please refer to Management's Response on page 32*

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Management Letter**

N/A

**LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SUPPLEMENTAL INFORMATION SCHEDULES  
JUNE 30, 2009**

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**LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As a component unit of the State of Louisiana, the financial statements of the Louisiana Recreational and Used Motor Vehicle Commission are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration for reporting purposes. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.



RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2009

C O N T E N T S

AFFIDAVIT

Statements

MD&A

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (Additional information in Appendix B)	C
Statement of Cash Flows	D

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Schedules

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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2009

**Recreational and Used Motor Vehicle Commission**  
**3132 Valley Creek Drive**  
**Baton Rouge, Louisiana 70808**

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

**AFFIDAVIT**

Personally came and appeared before the undersigned authority, Rodley Henry, Acting Executive Director of the Louisiana Recreational and Used Motor Vehicle Commission (the Commission) who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Commission at June 30, 2009, and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 9<sup>th</sup> day of September, 2009.

  
\_\_\_\_\_  
Signature of Agency Official

  
\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: Rodley Henry  
Title: Acting Executive Director  
Telephone No.: 225-925-3865  
Date: August 28, 2009  
Email Address:

**STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009**

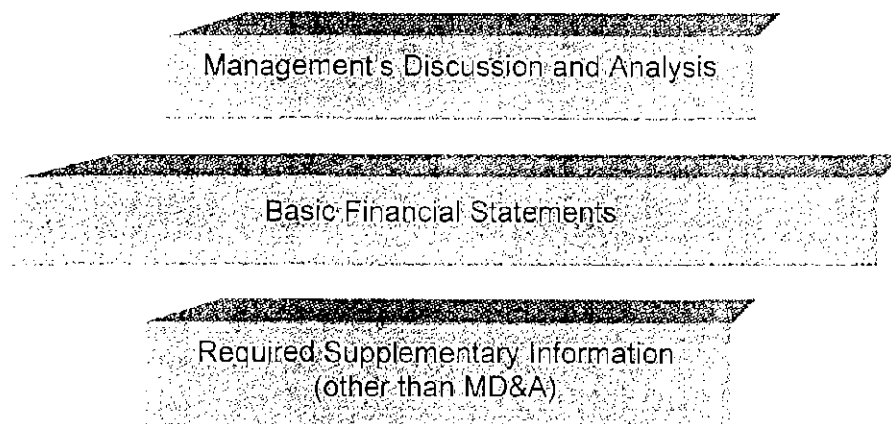
Management's Discussion and Analysis of the Recreational and Used Motor Vehicle Commission' (hereinafter referred to as the Commission) financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Commission's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Commission's assets exceeded its liabilities by \$530,151 at June 30, 2009
- Revenues increased by approximately 2% or \$28,613

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**Basic Financial Statements**

The basic financial statements present information for the Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the Commission's assets changed as a result of current year operations. Regardless of

STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009

when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

## FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets  
as of June 30, 2009  
(in thousands)

	Total	
	2009	2008
Current and other assets	\$ 931	\$ 884
Capital assets	179	206
Total assets	1,110	1,090
Other liabilities	47	35
Long-term debt outstanding	532	2,497
Total liabilities	579	2,532
Net assets		
Invested in capital assets, net of debt	179	206
Restricted	0	0
Unrestricted	352	-1,648
Total net assets	\$ 531	\$ (1,442)

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of Commission increased by \$912,927 with \$2,188,100 of that being an adjustment to the obligation at July 1, 2008 for post-employment benefits.

**STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009**

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2009  
(in thousands)

	Total	
	2009	2008
Operating revenues	\$ 1492	\$ 1464
Operating expenses	1716	2089
Operating income(loss)	(224)	(625)
Non-operating revenues	9	54
Non-operating expenses *		
Income(loss) before transfers	(215)	(571)
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ (215)	\$ (571)

\* Enter expenses as a negative amount

The Commission's total revenues increased by \$28,613 or 2%. The cost of all programs and services decreased by \$372,900 or 18%.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of fiscal year ended June 30, 2009, the Commission had \$178,449 invested in a broad range of capital assets, including furniture, office equipment, buildings and vehicles (see accompanying Table). This amount represents a net decrease (including additions and deductions) of \$27,760 or 14%, over last year.

	2009	2008
Land	\$ 50	\$ 50
Buildings and improvements	117	122
Equipment	12	34
Infrastructure	0	0
Totals	\$ 179	\$ 206

**STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009**

**Debt**

Debt of the Commission includes unused vacation leave totaling \$78,560 and estimated obligations related to post-employment health and life insurance benefits totaling \$453,822.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were less than budgeted amounts by \$15,245 or 1%. Expenditures were actually \$78,534 (5%) less than anticipated creating a positive variance overall of \$63,289 more than budgeted.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Commission's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Economic development within the parishes served
- Cash flow impact

**CONTACTING THE COMMISSION'S (BTA) MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Commission's (BTA) finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rodley Henry, Acting Executive Director, at (225) 925-3870.

**STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
BALANCE SHEET  
AS OF JUNE 30, 2009**

**Statement A**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 497,773
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	35,638
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	533,411

**NONCURRENT ASSETS:**

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	397,970
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	50,000
Buildings and improvements	116,102
Machinery and equipment	12,346
Infrastructure	
Construction-in-progress	
Other noncurrent assets	
Total noncurrent assets	576,419
Total assets	\$ 1,109,830

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 47,397
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
Other long-term liabilities	
Total current liabilities	47,397

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable	
Compensated absences payable	78,460
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
OPEB payable	453,822
Other long-term liabilities	
Total noncurrent liabilities	532,282
Total liabilities	579,680

**NET ASSETS**

Invested in capital assets, net of related debt	178,449
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	351,702
Total net assets	530,151
Total liabilities and net assets	\$ 1,109,830

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Statement B**

**OPERATING REVENUES**

Sales of commodities and services	\$ 1,492,632
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	
Total operating revenues	1,492,632

**OPERATING EXPENSES**

Cost of sales and services	
Administrative	1,688,605
Depreciation	27,760
Amortization	
Total operating expenses	1,716,365
Operating income(loss)	(223,733)

**NON-OPERATING REVENUES(EXPENSES)**

State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	6,590
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	2,271
Other expense	
Total non-operating revenues(expenses)	8,861
Income(loss) before contributions, extraordinary items, & transfers	(214,872)

Capital contributions  
Extraordinary item - Loss on impairment of capital assets  
Transfers in  
Transfers out

Change in net assets	(214,872)
Total net assets - beginning	(1,443,077)
Prior period adjustment - OPEB payable	2,188,100
Total net assets - ending	\$ 530,151

The accompanying notes are an integral part of this financial statement.



STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Statement C

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	\$ 1,716,365	\$ 1,492,632	\$	\$	\$ (223,733)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					6,590
Miscellaneous					2,271
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					8,861
Change in net assets					(214,872)
Net assets - beginning as restated					745,023
Net assets - ending					\$ 530,151

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009

Statement D  
(continued)

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 1,507,022	
Cash payments to suppliers for goods and services	(1,102,717)	
Cash payments to employees for services	(367,669)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		36,635
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	2,271	
Net cash provided(used) by non-capital financing activities		2,271
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		-
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities	100,015	
Interest and dividends earned on investment securities	16,263	
Net cash provided(used) by investing activities		116,278
Net increase(decrease) in cash and cash equivalents		155,184
Cash and cash equivalents at beginning of year		342,589.00
Cash and cash equivalents at end of year	\$	497,773

STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)	\$	(223,733)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization		27,760
Provision for uncollectible accounts		2,750
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		(5,325)
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals		11,997
Increase(decrease) in compensated absences payable		(28,636)
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable		251,822
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities	\$	36,635

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
Total noncash investing, capital, and financing activities:	\$	-

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA**  
**RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2009**

**INTRODUCTION**

The Commission was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 32:772. The following is a brief description of the operations of the Commission and includes the parishes in which the Commission is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Commission (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Commission present information only as to the transactions of the programs of the Commission as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Commission are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Commission are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Commission.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA  
RECREATIONAL AND USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009

	APPROPRIATIONS
Original approved budget	\$ 1,667,664
Amendments:	127,235
Final approved budget	\$ 1,794,899

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Commission may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**GASB Statement 40, which amended GASB Statement 3**, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2009, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Balance per agency books (Balance Sheet)	\$ 497,773	\$	\$	\$ 497,772.87
Deposits in bank accounts per bank	\$ 552,107	\$	\$	\$ 552,106.72
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$	\$	\$	-
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$	\$	\$	-
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name.	\$	\$	\$	-

**STATE OF LOUISIANA**  
**RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2009**

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

Banking Institution	Program	Amount
1. Chase Bank	Operations	\$ 552,107
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
Total		\$ 552,107

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ 500

**2. INVESTMENTS**

The Commission does maintain investment accounts as authorized by La. Revised Statute 33:2955.

**Custodial Credit Risk**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name.

Type of Investment	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Balance Sheet	Fair Value
Negotiable CDs	\$ _____	\$ _____	\$ 397,970	\$ 397,970
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
Total investments	\$ -	\$ -	\$ 397,970	\$ 397,970

\* Unregistered - not registered in the name of the government or entity

\*\* These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix C for the definition of U.S. Government Obligations)

\*\*\* LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level

**STATE OF LOUISIANA**  
**RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2009**

**3. DERIVATIVES**

N/A

**4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES**

**A. Credit Risk of Debt Investments**

N/A

**B. Interest Rate Risk of Debt Investments**

N/A

**C. Concentration of Credit Risk**

N/A

**D. Foreign Currency Risk**

N/A

**5. POLICIES**

N/A

**6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS**

N/A

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA**  
**RECREATIONAL AND USED MOTOR VEHICLE COMMISSION**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2009**

	Year ended June 30, 2009						
	Prior Period Adjustments			Adjusted Balance 6/30/2008	Additions	Transfers*	Retirements
	Balance 6/30/2008	Adj. after OSRAP (+or-)	Restatements (+or-)				
<b>Capital assets not being depreciated</b>							
Land	\$ 50,000	\$	\$	\$ 50,000	\$	\$	\$ 50,000
Construction in progress				--			--
<b>Total capital assets not being depreciated</b>	<u>50,000</u>	<u>--</u>	<u>--</u>	<u>50,000</u>	<u>--</u>	<u>--</u>	<u>50,000</u>
<b>Other capital assets</b>							
Machinery and equipment	304,155			304,155	--		304,155
Less accumulated depreciation	(269,853)			(269,853)	(21,955)		(291,808)
<b>Total Machinery and equipment</b>	<u>34,302</u>	<u>--</u>	<u>--</u>	<u>34,302</u>	<u>(21,955)</u>	<u>--</u>	<u>12,346</u>
Buildings and improvements	205,488			205,488			205,488
Less accumulated depreciation	(83,581)			(83,581)	(5,805)		(89,386)
<b>Total buildings and improvements</b>	<u>121,907</u>	<u>--</u>	<u>--</u>	<u>121,907</u>	<u>(5,805)</u>	<u>--</u>	<u>116,102</u>
Infrastructure				--			--
Less accumulated depreciation	--			--	--		--
<b>Total infrastructure</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total other capital assets</b>	<u>156,209</u>	<u>--</u>	<u>--</u>	<u>156,209</u>	<u>(27,760)</u>	<u>--</u>	<u>128,449</u>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	50,000	--	--	50,000	--	--	50,000
Other capital assets, at cost	509,643	--	--	509,643	--	--	509,643
<b>Total cost of capital assets</b>	<u>559,643</u>	<u>--</u>	<u>--</u>	<u>559,643</u>	<u>--</u>	<u>--</u>	<u>559,643</u>
Less accumulated depreciation	(353,433)	--	--	(353,433)	(27,760)	--	(381,194)
<b>Capital assets, net</b>	<u>\$ 206,209</u>	<u>\$ --</u>	<u>\$ --</u>	<u>206,209</u>	<u>\$ (27,760)</u>	<u>\$ --</u>	<u>\$ 178,449</u>

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets, not associated with transfers reported elsewhere in this packet.

**E. INVENTORIES**

N/A

**F. RESTRICTED ASSETS**

N/A

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Commission's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to and approved by the Director. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.



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The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2009, being \$78,460.

**2. COMPENSATORY LEAVE**

Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. There was no compensatory leave time accrued at June 30, 2009.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate Commission of trustees.

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications\\_and\\_Reports/Fiscal\\_Documents/Comprehensive\\_Financial\\_Reports/Comprehensive%20Financial%20Reports\\_08.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_08.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Commission is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2009, decreased to 18.5% of annual covered payroll from the 19.1% required in fiscal years ended June 30, 2008 and 2007. The Commission

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contributions of the System for the years ending June 30, 2009, 2008, and 2007, were \$135,279, \$160,254 and \$134,678, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The Commission may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the Commission's employees become eligible for those benefits if they reach normal retirement age while working for the Commission and were covered by the Commission's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Commission with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2009, this amount ranges from \$315 to \$341 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,164 to \$1,261 per month for those with Medicare or \$1,710 to \$1,853 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Commission.

*OPEB Cost/Obligation.* The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2008, is as follows:

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Normal cost	\$ 163,900
30 year UAL amortization amount	<u>133,561</u>
Annual Required Contribution (ARC)	<u>297,461</u>

The Commission's OPEB obligation for the year ended June 30, 2009, is as follows:

Annual required contribution/OPEB Cost	\$ 297,461
Contributions made	<u>(45,639)</u>
Change in Net OPEB Obligation	251,822
Net OPEB obligation, beginning	<u>202,000</u>
Net OPEB obligation, ending	<u>453,822</u>

Utilizing the pay-as-you-go method, the Commission contributed 16% of the annual post-employment benefits cost during the current year.

*Funding Status and Funding Progress.* As of June 30, 2009, the Commission had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	\$ 453,822
Covered payroll (active employees)	729,400
UAAL as a percentage of covered payroll	63%

*Actuarial Methods/Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2008, was thirty years.

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**J. LEASES**

1. OPERATING LEASES

A copier was leased from Kyocera for \$438,31 per month and is paid on a month-to-month basis or \$5,226 annually.

2. CAPITAL LEASES

N/A

3. LESSOR DIRECT FINANCING LEASES

N/A

4. LESSOR – OPERATING LEASE

N/A

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2009:

	Balance June 30, 2008	Year ended June 30, 2009		Balance June 30, 2009	Amounts due within one year
		Additions	Reductions		
<b>Notes and bonds payable:</b>					
Notes payable		\$	\$	\$ --	\$
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
<b>Other liabilities:</b>					
Contracts payable				--	
Compensated absences payable	107,096	11,125	39,761	78,460	
OPEB payable	202,000	251,822		453,822	
Other long-term liabilities				--	
Total other liabilities	309,096	262,947	39,761	532,282	--
Total long-term liabilities	309,096	\$ 262,947	\$ 39,761	\$ 532,282	\$ --

**L. CONTINGENT LIABILITIES**

N/A

**M. RELATED PARTY TRANSACTIONS**

N/A

**N. ACCOUNTING CHANGES**

N/A

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**O. IN-KIND CONTRIBUTIONS**

N/A

**P. DEFEASED ISSUES**

N/A

**Q. REVENUES – PLEDGED OR SOLD (GASB 48)**

N/A

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

N/A

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

N/A

**T. SHORT-TERM DEBT**

N/A

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2009, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General	\$ 37,587.00	\$	\$	\$ 802.00	\$ 38,389.00
					-
Gross receivables	\$ 37,587.00	\$	\$ -	\$ 802.00	\$ 38,389.00
Less allowance for uncollectible accounts	(2,750.00)	-	-	-	(2,750.00)
Receivables, net	\$ 34,837.00	\$ -	\$ -	\$ 802.00	\$ 35,639.00
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2009, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 34,211	\$ 12,783	\$ 404	\$ -	\$ 47,397
					-
Total payables	\$ 34,211	\$ 12,783	\$ 404	\$ -	\$ 47,397

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**W. SUBSEQUENT EVENTS**

Effective July 1, 2009, the Commission will no longer be responsible for licensing and monitoring new dealers and the name will change to the Louisiana Used Motor Vehicle Commission. The full impact of this change has not been determined, but revenues are expected to decrease by approximately \$275,000. This represents 24% of licenses and other fees.

**X. SEGMENT INFORMATION**

N/A

**Y. DUE TO/DUE FROM AND TRANSFERS**

N/A

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

N/A

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

A change was made to the beginning net assets to recognize the difference between what the Commission had reported as its obligation for post-employment benefits and the amount used by the Office of State-wide Reporting. This difference was \$2,188,100.

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)**

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES**

N/A

**DD. EMPLOYEE TERMINATION BENEFITS**

N/A

**EE. POLLUTION REMEDIATION OBLIGATIONS (BTA)**

N/A

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SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS  
JUNE 30, 2009  
(Fiscal close)

Name	Amount
<u>Berry, Steve</u>	<u>825</u>
<u>Calmes, Kevin</u>	<u>525</u>
<u>Duplessis, Ron (waived)</u>	<u>-</u>
<u>Floyd, George</u>	<u>750</u>
<u>Hilliard, Jeff</u>	<u>975</u>
<u>Hudson, Vanessa</u>	<u>1,050</u>
<u>LaMartina, Joey</u>	<u>600</u>
<u>Matherne, Gayle</u>	<u>825</u>
<u>Poteet, John</u>	<u>375</u>
<u>Smith, Eugene</u>	<u>825</u>
<u>Smith, Henry</u>	<u>825</u>
<u>Snyder, Phillip</u>	<u>825</u>
<u>Stewart, Curtis</u>	<u>375</u>
<u>Stroup, Anthony</u>	<u>600</u>
<u> </u>	<u> </u>
Total	\$ <u><u>9,375</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

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**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>1,492</u>	\$ <u>1,484</u>	\$ <u>8</u>	\$ <u>2%</u>
Expenses	<u>1,716</u>	<u>2,089</u>	<u>(373)</u>	<u>18%</u>
2) Capital assets	<u>179</u>	<u>206</u>	<u>(27)</u>	<u>14%</u>
Long-term debt	<u>532</u>	<u>2,497</u>	<u>(1,965)</u>	<u>79%</u>
Net Assets	<u>531</u>	<u>(1,442)</u>	<u>1,973</u>	<u>&gt;100%</u>
Explanation for change:	<u></u>			
	<u></u>			
	<u></u>			
	<u></u>			